

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY  
BOARD OF DIRECTORS  
MINUTES OF Monday September 27, 2011 MEETING**

**Board Members Present: Thomas Deller, Chairperson; Jerome Williams; Stephen Durkee; Michael Lewis; Maureen Martin, Anna Liebenow; and Margaret Holland McDuff.**

**Absent: Mayor Scott Avedisian**

**Also Present: Charles Odingbe, Chief Executive Officer; Steven Richard (Outside Counsel); Maureen Neira; Ellen Mandly; and other members of RIPTA's staff and members of the public whose names are on the sign-in sheet.**

**Agenda Item 1: Vote on August 22, 2011 Meeting Minutes**

**Mr. Deller called the meeting to order at 11:18 a.m. and asked if the Board members had an opportunity to review the minutes of the meeting held August 22, 2011. The Board members indicated that they had and Mr. Williams made a motion to approve the minutes of the meeting as presented. Ms. Holland McDuff seconded the motion. The minutes of the meeting held August 22, 2011 were unanimously approved as presented.**

## **Agenda Item 2: FY 2011 Auditor's Report – Presentation by Braver, PC**

**Mr. Deller moved on to the next agenda item for the FY 2011 Auditor's Report Presentation. James Prescott and Sara Merritt representatives from Braver PC addressed the Board with the results of the FY 2011 financial audit a draft copy of which was included in the Board package and also submitted to the Auditor General.**

**Mr. Prescott began by stating that they were issuing a clean opinion with one provision and he went on to explain and review the information in the audit package and provided an overview of each page of the audit. After Mr. Prescott's remarks he answered various questions from the Board members and Ms. Neira answered questions regarding accounts receivable and the OPED funding requirements. Mr. Williams expressed concern regarding the lack of funding for the OPED.**

**Following this discussion Ms. Neira stated that the audit needs to be filed by September 30th. Mr. Prescott added that the Board usually gives approval contingent on approval of the Audit Report by the Rhode Island Auditor General. Mr. Lewis then made a motion that the audit be approved subject to approval by the Auditor General. Mr. Durkee seconded the motion and it passed unanimously.**

### **Agenda Item 3: Public Comments**

**Mr. Deller moved on to the public comment portion of the meeting and stated that the Board and staff are working hard in order to find alternatives to cutting service, but this is a very difficult problem. He noted particular concern regarding the lack of funding for GASB 45 and the potential for cuts in federal funds. He said the executive teams consisting of himself, Jerry Williams and Steve Durkee have been working closely with the CEO along with Board member Maureen Martin and union leadership on budget deficit issues and potential solutions. He said that if the needed savings are not identified cuts will be inevitable or the deficit will just continue to grow. Mr. Deller expressed doubt that the issue would be resolved at today's meeting.**

**Mr. Deller asked for public comments and reminded the speakers to keep their comments brief. He said if time allows, he will take additional public comment after the Board discussion on agenda # 5 FY 2012 Deficit Reduction Plan. He then recognized Paul Harrington, President of the Amalgamated Transit Union.**

**Paul Harrington began by thanking Mr. Deller for allowing additional comments after the deficit reduction presentation. He made a football analogy and then said RIPTA is essential to Rhode Island.**

**Mr. Deller recognized Don Rhodes who asked the Board how they**

intended to improve the public perception of RIPTA. Mr. Deller reminded Mr. Rhodes and those present that this is the time for public comment, not a Q & A.

Randall Rose from the RIPTA Riders group said he understands the ongoing budget deficit issue and hopes RIPTA will receive more funding from the State when the legislature returns to session. He asked that the Authority not cut service and operate with a deficit until the legislature goes back into session and RIPTA can ask for additional funding. Mr. Deller said the Board will discuss this option later in the meeting.

William Atwater spoke and said the issue is one of economics and morality.

Mr. Deller thanked all the speakers for their remarks and said he would open the floor for additional public comments later in the meeting if time allows.

#### **Agenda Item 4: Chief Executive Officer's Report**

Mr. Odimgbe said that due to the amount of time and effort involved in addressing the budget deficit reduction plan there would be no in-depth CEO report. He briefly commented on the ATMS status sheet and said there was an E-Team report distributed.

**Mr. Odimgbe asked staff to give the IT Presentation. Mark Therrien addressed the Board along with Information Services Manager Kirsten Streker to elaborate on a PowerPoint presentation entitled Information: Technology, Major Projects – FY 12.**

**Ms. Streker began by saying the projects that were chosen were those that would have an effect on RIPTA as a whole then she discussed slide 2 of the presentation saying Human Resources is currently in the process of consolidating all employee related information, currently used by the department into one centralized HR software application. The benefits to this will be to remove current procedures performed manually, change internal processes which will eliminate duplication of paper and efforts, produce recent and historical information about existing and past employees through demand reporting, generate federally required OSHA reports which were completed manually in the past, receive incident information electronically upon implementation of the ATMS project, email generated notices to employee regarding training and employee events and other future enhancements such as employee initiated personal information changes, including name, address, telephone, W9's, and job applications.**

**Mr. Odimgbe interjected that the initiatives to deal with the budget deficit are not limited to service cuts, but rather into building capacity into our system by using technology to perform functions previously performed by a person.**

**Next Ms. Streker discussed slide 3 discussing installing fuel monitoring and dispensing systems in all areas where the products are stored and dispensed. The benefits to this include: replacing handling of fluid inventory currently done manually, automating the recording of vehicle number and odometer readings, providing real-time on hand balances of all fluids, immediate electronic notification of fluid alarms, recording fluid intake to individual vehicles at the time of dispensing and providing data of fluids added between inspection cycles which will help prevent future problems with the vehicle. All this information will be available for each vehicle through the use of the new software application purchased. She said this project will take 4 – 6 months to complete.**

**Finally Ms. Streker discussed the last slide discussing modifying current maintenance and stockroom processes through the use of automated technologies which will enhance current practices. The benefits will include improved labor productivity, increased equipment availability, extended useful life of vehicles and increases to warranty recovery. She said inventory costs would be reduced due to optimizing inventory levels and dashboard technology will display predefined real-time performance. She said when concluded all databases will be interfaced with RIPTA's current financial applications. Mr. Therrien added that currently our maintenance system is only utilized at 40 – 50%.**

**Ms. Streker said that the software that will be purchased and utilized to implement these projects is standard in the industry. Mr. Therrien added that he wants to complete these projects prior to implementation of the ATMS project and once implemented we will know exactly what each vehicle in our fleet costs us. Ms. Holland McDuff asked the timeline and Mr. Therrien said about 12 – 18 months. Mr. Odimgbe added that grants will have to be identified to fund this project and some current processes must change to adapt to it. Mr. Lewis voiced his support of this initiative.**

### **Agenda Item 6: Legal Services Contract**

**Mr. Odimgbe discussed the procurement for Legal Services and gave a brief overview of the RFP process saying Hinckley Allen Snyder and Nixon Peabody came out on top in the process. Mr. Odimgbe noted that having two firms to provide general legal services and labor counsel will give RIPTA much more flexibility.**

**After briefly discussing the background of the services to be provided Mr. Odimgbe asked for approval to award the contract for General Legal Services and Labor Counsel to Hinckley Allen Snyder of Providence and Nixon Peabody, also of Providence. Mr. Durkee made the motion to award the contract to Hinckley Allen Snyder and Nixon Peabody and Ms. Holland McDuff seconded the motion. The motion passed unanimously.**

## **Agenda Item 7: Paratransit Workers' Compensation Insurance**

**Mr. Odimgbe discussed the Board report for Paratransit Workers' Compensation Insurance saying this type of insurance is required by Rhode Island law and then gave brief overview of this procurement. Mr. Odimgbe then stated staff's recommendation that the Board approve the purchase of the Paratransit Workers' Compensation Insurance through Beacon Mutual Insurance Company for the premium quote of \$320,366.**

**Mr. Lewis made a motion to approve the award of the contract to Beacon Mutual Insurance Company. Mr. Williams seconded the motion and it passed unanimously.**

## **Agenda Item 8: Board Committee Assignments**

**Mr. Deller asked tabled this agenda item to the October meeting.**

## **Agenda Item 9: Bus Purchase – Exercising Option**

**Roger Mencarini and Mark Therrien addressed the Board to discuss this informational agenda item exercising the option for bus purchases. Mr. Mencarini gave a history of this procurement previously approved by the Board in December of 2009 and read the details contained in the background section of the Board Report. He finished by saying the vehicles purchased are needed to replace**



aging vehicles in the RIPTA fleet which have reached the end of their useful life. No Board action is required to exercise the option.

**Agenda Item 5: FY 2012 Deficit Reduction Plan**

**Agenda Item 3: Public Comments (continued)**

Mr. Odimbe addressed the Board to elaborate on the PowerPoint Presentation on the FY 2012 Deficit Reduction Plan. He began with the first slide discussing an internal review of Administration & Operations and read the slide which discussed cost savings measures such as closing maintenance on Sundays, adjusting the preventive maintenance cycle from 3,000 miles to 6,000 miles, reducing copiers and printers and reducing the non-revenue fleet. These measures would achieve internal savings of about \$186,000. Next Mr. Odimbe discussed service adjustment cost saving measures such as changes to the September choose-up and route frequency adjustments which would achieve approximately \$1 million in savings.

The CEO said he has been working with the union in an attempt to achieve rule and contract changes which he estimates would save about \$721,000. The work rule and contract changes include cost saving measures such as vacation buybacks, a cap on sick time, maximizing part timers working hours, and a utility position reclassification. He discussed the details of this slide at length and also expressed his appreciation to the unions for being open to

**discussion and working with him on these issues.**

**Mr. Odimgbe answered various questions from the Board seeking some clarification on the work rule and contract changes. Ms. Martin asked about the change associated with part time employees and said she thought this was to be a temporary measure agreed to by the union to control overtime costs. Mr. Odimgbe said he is not in favor of temporary stop-gap measures because the problem will still exist. He said we need to solve certain work rule problems once and for all. Mr. Deller commented that we will have to restructure over the length of the contract if we are to grow the system and we need to show the legislature and the Governor our serious and sincere effort to control costs at RIPTA and to make long term changes to effect change and cost savings.**

**Mr. Odimgbe reported that the executive committee asked him to develop ways to get to a zero deficit and in doing so he did a review of personnel needs in the areas of maintenance, transportation and administration and identified cost savings totaling \$2,663,366 as depicted on the slide. If this path were taken it would mean eliminating 56 of the 126 administrative employees and such a loss would leave RIPTA basically nonfunctional.**

**He discussed page 5 of the presentation the FY 12 Deficit Reduction Plan/Worst Case Scenario which reflected no application of budget surplus and carries no deficit forward, i.e., operating with zero deficit.**

**The cost saving measures detailed on this slide include an Internal review of Administration and Operations, Service Adjustments, Rule/Contract changes and a review of personnel needs with a total estimated savings of \$1.27 million. Mr. Odimgbe asked the executive committee to use \$1.27 million of the budget surplus from last year (discussed earlier in the meeting by the auditors) to lighten the burden on the Authority. He said staff worked very hard in the last eight months to achieve that surplus.**

**Mr. Odimgbe discussed the preferred alternative on page six that he would like to offer to the Board and if allowed to go with the preferred alternative the deficit would be at approximately \$1.9 million. Mr. Odimgbe said these figures are annualized and explained how they were annualized. The CEO said this is where the Board needs to make a decision and allow the Authority to deficit spend for the rest of the year, or send us back to the drawing board to try to continue to look for ways to reduce the deficit.**

**Mr. Williams thanked Mr. Odimgbe and staff for their efforts in reducing the deficit. He said it is painful to hear the public comments regarding service reductions and the effect on the riders and he can't support service cuts. He said we must make structural budget changes and the board must partner with employees, management and the unions to make this work. He said we do not have a sustainable source of revenue to fund RIPTA and we cannot make decisions based on hope. He finished by saying RIPTA must live**

within its means and he had hoped budget reduction initiatives already identified would have gotten us to a zero deficit. Mr. Durkee agreed with Mr. Williams comments remarking that our two largest costs are fuel and people and the issue of fuel is not flexible, but unfortunately the costs related to people we can control. Mr. Deller agreed also saying we have in fact been deficit spending and we need to do what we can to get our costs under control.

Ms. Martin also thanked the CEO and staff and said this was a truly difficult task however she expressed concern that this plan leaned too heavily on the employees both union and nonunion. She said we need to be cautious of expectations. Mr. Lewis said has been working on these issues for months yet the problem will be worse next year due especially when you factor in pension liabilities. He said wholesale changes are needed in the way the transportation is funded and we need to work with the General Assembly on alternative means of funding. Ms. Holland McDuff agreed saying we can't operate in a constant cycle of being reactive and she also complimented staff for their hard work.

Charles Odingbe read page 8 of the presentation outlining the legislative action needed both short and long term. A brief discussion of federal funding followed and then the Chairman asked for public comment and recognized Senator John Tassoni.

Senator Tassoni said his committee is looking into RIPTA's issues

and he said the Board needs to be very careful on how they proceed and when the budget was being prepared at the end of June no one approached him regarding the budget shortfall and he does not believe legislators were aware of the budget issues therefore RIPTA needs to do a better job at the State House. He said RIPTA should meet with the Speaker & Senate President to ask for a portion of the State Budget surplus. The Senator said he is against route cuts and would support legislation for more funding for RIPTA and we all need to work together on this issue because this service is vital to Rhode Islanders particularly the elderly and disabled. The Chairman thanked him for his remarks.

Abel Collins of the Sierra Club and the RIPTA Riders read a letter into the record and it is attached hereto as “Attachment A”.

Douglas Williams of the RIPTA Riders spoke and said we had taken an intelligent approach and the most important issue is to identify a funding mechanism for RIPTA. He said this is not a RIPTA problem it is a funding problem. He then commended Senator Tassoni on his remarks. He also suggested a terminal at Kennedy Plaza and Gateway for riders to notify RIPTA of any technical issues they notice with buses.

Don Rhodes spoke again said he would like to be able to use RIPTA more and more service is needed. He also suggested more stand by buses to avoid waiting when a bus breaks down. He said since he

has become disabled he has realized that snow removal to access the bus should be a priority.

Susan Marcus of DOT Watch and Economic Development in North Kingstown commented that RIPTA needs more paying riders and a plan to cultivate same. She said other state agencies and their unions should be encouraged to use RIPTA and fare products like the EcoPass. She said more advertising of RIPTA fare products is needed and we should work with large RI corporations to advertise our services better. She discussed the cost she incurred to attend to today's meeting by car versus taking the bus and the savings associated with using the bus and said we need to promote such savings better and educate the public on how costly cars are.

Paul Harrington President of the Amalgamated Transit Union spoke again about the history of RIPTA and late Senator John Chafee who was so important to public transit. He said our current budget deficit is just one storm of many that RIPTA has weathered and he is working with legislators at the State House on initiatives to maintain and improve funding and he believes the State House is finally considering options on how to fund mass transit. He stated his opinion that doing away with utility and mechanical positions would have a negative effect on service and he asked the Board to work with him to find alternatives.

Joe Cole a RIPTA driver for 26 years spoke next and commented on a

recent ProJo article where the CEO was quoted as saying he did not want to cut services, but rather extend frequencies and he said this is a bad idea because it causes buses to be late and he believes cuts are being made under the radar. He said drivers have schedule to maintain and they cannot lose any more service. He then described a situation in which he assisted Board member Anna Liebenow.

The public remarks ended and Chairman Deller asked Mr. Williams to sum up for the Board. Mr. Williams said he heard loud and clear from the comments that the public is against service reductions and also that RIPTA needs a long term funding strategy, however at present we must operate with what we have. He said the Board members appreciate the efforts of management and all RIPTA employees working together to solve this problem. He also appreciates Senator Tassoni asking RIPTA to come back to the legislature for more money however he still feels there are structural issues that relate to the operating budget at RIPTA that must be addressed first. He welcomes any assistance from the State relative to a long term funding structure. In conclusion Mr. Williams said we should move forward on the preferred reduction plan and those actions recommended today and staff should continue to work on the deficit, including the \$1.9 million remaining in the preferred alternative.

Mr. Williams made a motion for the Board to recommend approval of the preferred alternative presented today and for staff to continue to work to reduce the remaining \$1.9 million dollar deficit. Mr. Deller

asked for a second and Michael Lewis seconded the motion to approve the preferred alternative.

Mr. Deller then recognized Anna Liebenow who remarked on Senator Tassoni's remarks about RIPTA getting more money and said she is still concerned because this would come after employee's have already lost their jobs and service has been cut. Senator Tassoni responded that to vote to put people out of work today would be a disservice. He said RIPTA should go to the legislature and ask for whatever amount they need before layoffs.

Maureen Martin said she appreciates Mr. Williams's comments; however for the Board to move forward to put anybody out of their jobs when so many Rhode Islanders are already out of work is wrong. She believes RIPTA does have support at the State House and this is the time for RIPTA to make a move and ask for additional funding. Ms. Martin said she cannot support any move to put people out of work.

Mr. Odimbe answered questions about possible early retirements. Mr. Williams commented that he appreciates all the conversations we have had with the unions and welcomes the opportunity to continue those discussions. He said no one wants to see employees let go, but we cannot spend money we do not have. Margaret Holland McDuff added that long term funding is the key, but we need to work with the unions too on short term funding and efficiencies.



**Ms. Martin asked to clarify and said she feels the onus is being put on the unions to avoid layoffs. Mr. Deller said the issue is that the only way to cut costs is to cut service or to cut jobs. Mr. Lewis said cutting service is cutting jobs. Mr. Durkee said there were management issues and concerns and Mr. Odimgbe was brought on board in part to reorganize this agency and address some of the systemic issues and some of these have been put forth at the mandate of the Board. He said at his confirmation hearing Senator Tassoni asked him what change was needed at RIPTA and he said the funding mechanism. He said RIPTA is not wasteful and we are working hard to become even more efficient.**

**Mr. Deller noted the motion and the second and asked for votes. Messrs Deller, Williams, Durkee, and Lewis and Ms. Holland McDuff voted in favor of the preferred alternative. Ms. Martin and Ms. Liebenow voted against. The motion passed by a vote of 5 to 2.**

**Agenda Item 10: Executive Session Pursuant to RIGL 42-46-5(a)(2) for Discussions related to Collective Bargaining**

**Mr. Deller said the Board would not convene to executive session.**

**Agenda Item 11: Adjournment**

**Mr. Deller asked for a motion to adjourn. Mr. Durkee made a motion**

**to adjourn the meeting. Mr. Williams seconded the motion and it was unanimously approved and the meeting was adjourned.**

**Respectfully submitted,**

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**Ellen M. Mandly**

**Recording Secretary**